1973 by Foreign Exchange Management Act, (FEMA), the draft of which is under consideration of the Government.

Control Over Government Funds

1454. SHRIMATI URMILABEN CHIMANBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a news-item which appeared in the Times of India dated 9th May, 1997 under the heading "Parliament has no control over 80% of the Government funds"; and

(b) if so, the reaction of Government"' thereto?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes please.

(b) The news item has mainly referred to large governmental expenditure which is classified as 'charged' on the Consolidated Fund of India and the incidence of rush of expenditure in March. Provisions for 'charged' expenditure are duly budgeted and even though these are not subject to vote of Parliament, the 'charged' expenditure is included in the Appropriation Bill, which is approved by the Parliament.

As regards rush of expenditure in March, instructions to Ministries/ Departments are already existing for ensuring that the expenditure budgeted for the year should be evenly spread so as to avoid rush of expenditure towards the close of the financial year. However, such items of expenditure are not unauthorised since these are incurred out of the provision sanctioned in the Budget as per the Appropriation Act.

Merger of ICICI and SCICI

1455. SHRI YERRA NARAYANA-SWAMY: Will the Minister of FINANCE be pleased to state:

(a) the gains expected from ICICI and SCICI merger;

(b) what prompted this merger in the first place;

(c) whether a number of ICICI policies have come out as losing proposition;

(d) whether a complete free hand has been given to ICICI; and

(*) if so, whether this freedom is not being properly used by ICICI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAT-PAL MAHARAJ): (a) and (b) The Industrial Credit and Investment Corporation of India Limited (ICICI) has reported that the major benefits accruing from the merger are as follows:—

(i) The merger would result in a larger size of the balance sheet and broader capital base which would enable ICICI taking up higher exposures in projects;

(ii) It would also result in a stronger position for ICICI to access resources at competitive rates by leveraging the enhanced capital base;

(iii) Consolidation of operations and better manpower utilisation would result in lower operating costs, and would enhance share-holders value;

(c) ICICI has reported that the profits of ICICI has steadily grown and the net profit for the year 1996-97 has increased to Rs. 770 crores as against the net profit of Rs. 474 crores in 1995-96.

(d) and (e) ICICI is a public limited company incorporated under the Companies Act, 1956. Government of India does not hold any share capital in ICICI. ICICI is governed by policies as decided by its Board of Directors from time to time. However, it functions within the overall regulations under the Companies Act and various other statutes/guidelines.